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SUPREME COURT OF THE UNITED STATES.

October Term, 1915.
No. 331.

GOSHEN MANUFACTURING COMPANY,
Petitioner,
vs.
HUBERT A. MYERS MANUFACTURING CO. and HUBERT A. MYERS,
Respondents.

On Writ of Certiorari to the United States Circuit Court of Appeals for the Seventh Circuit.

BRIEF FOR PETITIONER.

Statement of the Case.

This cause comes before this Honorable Court in obedience to the writ of certiorari directed to the United States Circuit Court of Appeals for the Seventh Judicial Circuit. The decree of the Court of Appeals affirmed the decree of the United States District Court for the District of Indiana dismissing the bill for want of equity. The Circuit Court of Appeals in its opinion (R. p. 377) clearly shows that its ground for dismissing the case was lack of equitable jurisdiction, and remanded the plaintiff-appellant to the law side of the court and refused all injunctive relief. This failure to take equitable jurisdiction is the matter particularly urged upon this Court as the reason for petitioning for the writ of certiorari, such holding being contrary to well established practice in similar cases, as evidenced by

a long line of authorities in other jurisdictions, all uniformly to the contrary of the decision herein.

The suit is in equity on the part of petitioner against the respondent, asking for an injunction and an accounting of profits and damages by reason of the infringement of U. S. Letters Patent No. 876,-991 (R. p. 206-216) issued January 21, 1908, to Hubert A. Myers, assignor to Allen P. Boyer, who subsequently assigned to the plaintiff.

The claims insisted upon are 15, 16, 17, 18, 19, 24 and 25, which will be found analyzed and carefully scheduled at R. p. 37 to 45, for convenient examination. The defendants' structures are illustrated at R. p. 185 side by side with a sketch of complainant's hay carrier from the patent in suit for ready comparison and details are shown at R. p. 187, as Complainant's Exhibit No. 7 and No. 8.

The merits of the case were never considered by the District Court or by the Circuit Court of Appeals because it was alleged by defendants that they had ceased to manufacture the infringing structure and were no longer infringing. The defendants, however, set up in the answer, R. p. 11, their adverse rights and the invalidity of the Myers patent, and had brought a suit for libel against Allen P. Boyer, the President of the plaintiff company, because of publishing a notice of infringement by the Goshen Manufacturing Company. See pleadings therein at R. p. 363 to 369, where the defendant company sets up that they were actively engaged in the business of manufatcuring hay cars and carriers and that they had been greatly damaged by the wrongful notice published by said Allen P. Boyer as to claims of the Goshen Manufacturing company.

The opinion of the Court of Appeals is at R. p. 377-380. The court declined to give weight to the pleadings in the libel suit and although it was the

gist of said suit that the rights of Hubert A. Myers Manufacturing Co. were interfered with by the libel, yet the Court of Appeals said,

> "The unsworn allegation in the complaint is not one of complaint but of existing facts; it is so completely contradicted by the evidence that it must be deemed to have been an inadvertent, as it was an incorrect, statement by the attorneys concededly without binding force and with but slight evidentiary value."

This is certainly an astounding statement to be made relative to a suit for libel because of a published claim of infringement of a patent, which publication and damage occasioned thereby was the sole thing complained of in the suit.

It is for this reason that the merits of this case have never been considered, either by the District Court or the United States Circuit Court of Appeals for the Seventh Judicial Circuit. The facts were urged on the attention of the Court of Appeals in a petition for rehearing and brief therein. See R. p. 389-402 for petition, and R. p. 403-425 for brief.

The bill of complaint was therefore dismissed without the court taking equitable jurisdiction and the plaintiff was refused a hearing.

The answer sets up anticipation by various patents and testimony has been taken in the case on the merits, and appears fully in the record and by prior patents offered in evidence at R. p. 213-348 inclusive.

ARGUMENT.

First, will be considered the matter of equitable judisdiction, and

Second, the merits of the case will be considered as to

The validity and scope of the patent,
Defendants' estoppel to attack the patent,
Whether or not the patent is anticipated and restricted, and
Whether it is infringed by defendants.

FIRST: AS TO EQUITABLE JURISDICTION

The bill of complaint herein alleged infringement of United States Letters Patent No. 876,991, of January 21, 1908, issued to Allen P. Boyer as assignee of Hubert A. Myers, respondent-defendant, who organized and was president of the defendant company. The patent and all rights of recovery was assigned to petitioner-plaintiff. The respondent-defendant Myers designed the structure manufactured by the defendant company and managed the said company, and both defendants claimed to work under a patent issued to said Myers December 7, 1909, No. 942,735. On October 23, 1909, formal notice was served on the respondents, the defendant company and the defendant Myers, to cease infringing the patent in suit. The petitioner-plaintiff published the fact that it was claiming that the Myers Manufacturing Company was infringing (see R. p. 95).

Defendant Myers testified, and admitted, R. p. 100, in answer to XQ. 40:

> "It was **not** the decision of the company at that time to abandon the manufac-

> ture of hay cars, but owing to our financial condition * * * * * we were forced to abandon the manufacture of hay cars at the publication of said piece or article referred to caused the banks to draw in what loans we already had and refused to give any additional help to us in a financial way until said patent case or infringement claims were proven out, but at the time I left the company, arrangements were being made to organize, or interest additional capital and go ahead with the business, as we had been assured that the patent was non-infringing."

No formal reply was made by any of the defendants to said notice of infringement, although Peterson, when president of the respondent-defendant company, swore that he told Boyer, president of the petitioner-plaintiff company, that they were "practically dead as far as the manufacturing was concerned", the Court saying at page 3 of the opinion that this occurred in February, 1910. This notification was oral,—see Peterson deposition, R. p. 109, in answer to Q. 23:

> "I called on Mr. Boyer twice during the early part of 1910, probably January or February, with a view to selling him the hay car patent, at which time I went over the Myers' situation and stated to him that we were practically dead as far as the manufacturing was concerned, as we had not turned a wheel since the previous September. Further than this, I am unable to say that he has had any notice."

Boyer has no recollection of this, but remembers that Peterson said that he was out of it, answer to XQ. 48, R. p. 82).

Yet, according to this witness Peterson's own testimony at this very time the cars were being supplied to one Dietrich, R. p. 106:

> "The cars were **largely** disposed of through Mr. C. F. Dietrich, of Byran, Ohio, and in August of 1909, we contracted with Mr. Dietrich to deliver to him five hundred cars for the season of 1910, and be delivered as called for."

thus showing Dietrich was the principal agent of respondent company. The witness said further:

> "(6). A notice from Mr. Boyer of the Goshen Manufacturing Company, in October, 1909, that we were infringing their patent and also financial embarrassment put a complete stop to our manufacturing. **However, to save trouble** and a suit with Mr. Dietrich, with whom we had made a contract to deliver the aforesaid cars, **we gave him the use** of shop and all the **parts and unfinished cars,** amounting to about 200, which he made up himself and shipped during the winter of 1909 and 1910."

The witness also made numerous efforts after the notice of claimed infringement to dispose of the business in hay cars (see top of R. p. 107) to

> V. L. Nye, of Canton, Ohio;
> F. E. Myers & Brothers, of Ashland, Ohio;
> Whitman & Barnes, of Chicago, Ill.; and
> Mr. Boyer, of Goshen, Ind.;

and Mr. Peterson says:

> "Our efforts were unsuccessful, mainly on account of notice which had been sent us by Mr. Boyer to the effect that we were infringing his patent."

but a sale was made, except of hay cars, in March, 1910.

Dietrich was thus supplied, after notice of infringement, with cars by the respondent-defendant for the season of 1910, as admitted by said Peterson, and the only acknowledgment from the respondent-defendant to the petitioner-plaintiff of plaintiff's rights was a conversation in which Peterson, the defendant company's president at that time, as an incident of the conversation stated that they were "practically dead as far as the manufacturing was concerned", although it transpired manufacturing was being conducted in the defendant's plant at the very time he was telling the story to Boyer.

Hay carriers are seasonable goods and must be manufactured in advance of the haying season and sold just previous to the time that farmers begin haying. March, 1910, was the time to deliver to the agent Dietrich for the season of 1910.

On September 12, 1910, the respondent-defendant company sued Mr. Boyer, principal stockholder of the petitioner-plaintiff company, in the Elkhart County Circuit Court in the State of Indiana for libel for publishing the notice claiming infringement by the respondents-defendants herein and the respondents-defendants claimed damages to the extent of $10,000 because of injury to its business by the newspaper publication of October, 1909, of the notice of infringement. In this bill of complaint it was asserted (R. p. 363) that

> "The plaintiff * * * is **now**, and has been for more than five years last past, **engaged in the business of manufacturing** hay cars."

and asserted that the libel prevented the "**sale of** its letters patent and **manufactured hay cars** to one V. L. Nye"; and that

> "thereafter plaintiff" (respondent-defendant herein) "had entered into an agreement with one Aaron Hartzler for the sale to him of its **manufactured hay cars** and letters patent therefor, and because of said statements and publications so made by defendant said Hartzler refused to carry out said agreement and **plaintiff again lost the sale of said articles** to its great damage."

And it is stated that the plaintiff there, meaning the respondent-defendant, the Hubert A. Myers Manufacturing Company, "has had its **business** entirely destroyed and **plaintiff has been unable** to sell **any** of its manufactured **hay cars** to the damage to the plaintiff in the sum of $10,000.00."

Whereupon the petitioner-plaintiff herein, feeling warranted in the belief that the said Hubert A. Myers Manufacturing Company was not recognizing plaintiff's patent rights and **was endeavoring to sell its manufactured hay cars** to various people and concerns, according to its own solemn allegations, filed the bill of complaint herein immediately thereafter on October 3, 1910.

Whereupon the defendant company filed a separate answer and denied (R. p. 13) that

> "either by itself or with others manufactured, sold or used, or caused to be manufactured,

> sold or used, any hoisting devices including or embodying any of the improvements whatsoever set forth and claimed in said letters patent, No. 876,991; or that it has in any manner infringed any of the rights of the complainant under said letters patent. * * On the contrary, this defendant alleges that it has not manufactured any hoisting device of any kind whatsoever since the month of October, in the year 1909, and that since the month of **March in the year 1910, this defendant has not sold or had for sale any hoisting devices of any sort whatsoever",**

thus confessing that six months after the notice it had sold the hay cars complained of, and thus showing that it was insisting upon its right. Further, in the testimony of its president, confirmed by the pleadings in the Elkhart County Court, it showed constant and strong effort to sell hay cars as well as the patent owned by it.

It is conceded by the Court of Appeals for the Seventh Circuit in its decision below that this respondent-defendant company continued its relation with its principal selling agent Dietrich and supplied him with goods for the season of 1910, all of which were delivered to him in March, 1910, just in time for that season's business, and it appears consequently that that principal selling agent sold during the season of 1910 these infringing hay carriers precisely as it had sold them in previous years.

These facts are practically conceded by the United States Circuit Court of Appeals in its opinion, because it points out that respondent-defendant **settled** its **contract obligations** with Dietrich (its principal selling agent) by permitting him to use its shops and material to finish up the 200 carriers

before referred to during the six months following the notice of infringement, and this very selling agent distributed in 1910 about as many as he had distributed the year before.

This was followed at the beginning of the next manufacturing season, viz. September 12, 1910, by a suit against Boyer, the president of the petitioner-plaintiff herein, claiming great damage because petitioner had interfered with sale of its goods. This was the formal reply to the notice of infringement of October, 1909. This action in bringing suit petitioner-plaintiff took at its face value and promptly brought suit for infringement of the patent in suit because the respondent-defendant, while it was weak financially, had successfully supplied its principal selling agent Dietrich with 200 carriers after the notice of infringement, which carriers had been distributed by him as such selling agency during the season of 1910, and constituted according to the statement of the Court of Appeals in its opinion, a settlement of the contract obligations of the respondent-defendant with this co-infringer Dietrich, because he was an infringer in selling the infringing goods.

The bill in the instant cause was dismissed after hearing in the court below for want of equity. No statement or opinion by that court indicates that the dismissal was for want of equitable jurisdiction.

With these facts, the Court of Appeals for some unaccountable reason has declined to take jurisdiction of the case, saying that it is not a proper case for equitable jurisdiction.

The respondent-defendant Myers never discontinued infringement; the respondent-defendant company never discontinued the manufacture or sale, always claiming the right to continue, and sued Boyer for damages because that right to do business in manufacture and sale was claimed to be

interfered with, Boyer being president of the petitioner-plaintiff company; and in its ansyer in this case it claimed **non-infringement** and **invalidity** of the patent.

The Court of Appeals has said, in justification of its conclusion, that it would not give the force of evidence to the statements in the pleadings by respondent-defendant company against Boyer in the Elkhart County Court, saying that the unsworn complaint signed only by the attorneys-at-law filed in the state court, beginning with the allegation that the "plaintiff is a corporation duly organized under the laws of the State of Indiana, and **is now** and has been for more than five years last past engaged in the business of **manufacturing hay cars"**, shall not have the force of evidence, and the Court contents itself by making this quotation from the bill of complaint in its opinion, and refrains from pointing out or considering that the claim of loss of profits of $3,000 and damages of $10,000 due to the interference with its right to sell such hay cars is the very essence of the suit, and urges that the thing claimed to be interfered with was the **sale of the patent,** whereas the complaint there shows that the notice published, as to which the damage was claimed, was not directed to any patent owned by the Hubert A. Myers Manufacturing Company but was **directed** to the **hay carriers** which they were manufacturing and said nothing about any patent, as is evidenced by referring to the bill of complaint in that case (R. p. 363). The published notice appears in full at R. p. 95 and makes claim of infringement of petitioner-plaintiff's patent and says nothing about any patent of respondent.

It is therefore clear that it was not any libel notice interfering with respondent-defendant company's right to sell patent No. 942,735, that was the subject matter of the Elkhart County suit, but that

it was the right to sell the hay cars that were then being made and had been made for a period of five years by the respondent-defendant. Therefore, the discussion on page 4 of the opinion of the Court of Appeals for the Seventh Circuit about the continued ownership by respondent-defendant company of Letters Patent 942,735 is wholly outside the Elkhart County suit and is wholly outside any claim made by respondent herein. It is not claimed by the respondent-defendant (the plaintiff in the Elkhart County suit) that its future rights were interfered with, but that it had already been damaged. Yet, the Court of Appeals for the Seventh Circuit refers to the fact that the patent 942,735 is of later date and that during the period between the expiration of the two patents will give to defendant or its successor in title the right to make the improved carriers; that is to say, the Court chooses to say, notwithstanding the pleadings claiming damage for past trespass, that between January 21, 1925, and December 7, 1926, nearly ten years in the future, was the thing involved in the Elkhart County suit, although the alleged libel notice complained of did not mention any patent and only mentioned a structure which was claimed to be an infringement.

The Elkhart County suit was not because of any slander to the title of the patent belonging to the defendant company. The alleged libelous published notice did not mention that the defendant had any patent, and the patent question was not referred to in that suit, except that it was mentioned as an incident of attempted sale of the business and sale of manufactured hay cars. The patent was ignored because it embodied the goods complained of and was an incident only. The damage was not because of any claim regarding the patent.

To sum up the situation:

Defendant was making an alleged infringing structure.

Notice was served in October, 1909.

The notice was immediately made public by publications in the newspapers—the alleged libel.

No reply was made except that in January or February, 1910, Peterson, then president of the respondent-defendant company, told Boyer that the said defendant was "practically dead as far as the manufacturing was concerned."

Respondent-defendant did not decide to discontinue manufacture but attempted negotiations to continue.

Respondent-defendant had a selling agent Dietrich and carried out its contract with him for the season of 1910 by permitting him to use the plant and complete 200 hay carriers. These were delivered in March, 1910, for the haying season of 1910. The fact that these were being made in the plant of the defendant company was known to petitioner-plaintiff and was a violation of right after notice.

In September, 1910, the beginning of the next manufacturing season, suit was brought claiming that the publication of the notice of claimed infringement was libelous and that it had prevented the sale of hay cars, although the sale had been repeatedly attempted by the respondent-defendant. A claim of $3,000 lost profits and $10,000 damages was made because of interference with the sale of hay cars and of a patent not mentioned in the alleged libelous notice, which patent was therefore only incidental.

Petitioner-plaintiff, regarding this as evidence of repeated attempts at trespass and a bold claim of right, brought suit, as to which the Court below has refused to take equitable jurisdiction.

Respondent answered claiming adverse right.

The bill of complaint was dismissed for want of equity.

The Court of Appeals affirmed the lower court on the ground that the facts did not present a case for equitable jurisdiction.

The Court below in its opinion seems to hold that the respondent-defendant has a right to institute such proceedings, like the suit in the Elkhart County court, and says that at best these facts would only

> "justify an apprehension that if, in some proper court proceeding, defendant's contentions should ultimately be upheld, it might then, and only then, not unlawfully, however, but legally, resume the hay carrier business".

which shows that the Court recognized that the respondent-defendant was making adverse claims (see "defendant's contentions"), and was seeking to have the same adjudicated collaterally in the Elkhart County Court. There was no need to go into that Circuit, all it needed to do was to assert its right and not say that it was "practically dead", and as soon as it made definite assertion of right or contention to that effect this suit was brought.

The decision and ruling of the Circuit Court of Appeals is fundamentally erroneous in that it does not recognize the fact that subsequent to the notice of infringement, the respondent-defendant company continued its infringing acts in the actual manufacturing and sale of the alleged infringing hay cars, doing business right along with its main selling agent; that it made repeated efforts to sell the hay cars to others; and that it brought suit claiming its rights to sell hay cars were interfered with by the published notice of claimed infringement, which notice related only to hay cars and not to patents

owned by the respondent-defendant, and holds that respondent-defendant company had the right to contend saying, "if, in some proper court proceeding, defendants' contention should ultimately be upheld it might then, * * * resume the hay carrier business." This is clearly a ruling that the matter of a patent infringement can be tried out in a state court collaterally in a court which has no jurisdiction of patent matters.

Therefore, the said decision contravenes the law as decided in similar cases in this court and specific decisions on substantially similar facts involving other patents in many other of the United States Circuit Courts of Appeals.

The Authorities as to Equitable Jurisdiction.

The rule of law, established by a long line of authorities, without any decision to the contrary, so far as petitioner has been able to ascertain, is that where the defendant has trespassed upon the complainant and after notice insisted upon the right to repeat the trespass, and is actually guilty of further trespass, the complainant is warranted in assuming a likelihood of the repetition thereof, and that a court of equity will take jurisdiction and enjoin the defendant. Indeed, under circumstances of this kind, after suit if the defendant filed answer insisting upon its right to do the acts complained of and to continue the alleged trespass, it is sufficient ground for taking of equitable jurisdiction, although intent to do the acts complained of is disavowed.

The following authorities are referred to, with brief quotations, as absolutely supporting in effect the substance of the above proposition:

General Electric vs. New England Electric, 128 Fed. Rep. 738, 63 C. C. A. 448,

in the Court of Appeals for the Second Circuit, Lacombe, Townsend and Coxe, Circuit Judges, by Coxe, C. J. See botom of p. 739 of the report:

> "If the pleas be analyzed a little closer it will be observed that defendants, in effect, admit infringement prior to August, 1902. In August of that year they stopped making new receptacles, but admit that from August until October 10th they were engaged in **making up the stock on hand.** They do not deny that **they were selling** receptacles during this period. After October 10th, the date of the verification of the bill and two months before it was filed, they **ceased to sell** but continued **to deliver** infringing receptacles; and for aught that appears have continued to deliver and are now delivering said receptacles. The pleas draw a sharp distinction between new sales of the infringing devices and their **delivery pursuant to old sales,** so that the allegation that defendants ceased, prior to the suit, to make, use or sell the patented device is not at all incompatible with the theory that they have a large stock of infringing devices on hand which they can at any time put on the market. **In other words, the defendants seem to be of the opinion that it is not an infringement of the patent to distribute infringing receptacles to their customers provided the contract of sale was made prior to August, 1902."**

The decree dismissing the bill was reversed.

Morton Trust Company vs. Standard Steel Car Co., 177 Fed. Rep. 931, 101 C. C. A. 211.

in the Court of Appeals for the Third Circuit, before Gray and Lanning, Circuit Judges, and McPherson, District Judge, by Lanning, C. J. At p. 932 the Court said:

> "One of the **contentions** on the proofs in the court below was that the **patent is invalid.** That contention was in effect an assertion of its right to resume the use of the alleged infringing machine. **In such a case,** if the **patent be valid,** the complainant is **entitled to an injunction,** though he may not be entitled to an accounting for profits and damages."

In the case at bar the Court of Appeals for the Seventh Circuit said of the acts and doings of respondent-defendants:

> "at best they would justify an apprehension that if, in some proper court proceeding, **defendant's contentions** should ultimately be upheld, it might then, and only then, not unlawfully, however, but legally resume the hay carrier business."

And it was **alleged** in the **answer** in the suit at bar that the **patent is invalid.**

Johnson, et al. vs. Foos Manfg. Co., 141 Fed. Rep. 73, 72 C. C. A. 105,

in the Court of Appeals for the Sixth Circuit, before Lurton, Severens and Richards, Circuit Judges, Judge Lurton, C. J., saying at p. 74:

> "The cause came on to be heard in the court below * * * * but the trial judge, without passing upon the merits of the case, dismissed the bill because he thought that the single machine made, sold and installed by the defendant company had been subsequently licensed by complainant, upon the user agreeing to pay a royalty, and that no further infringement was **threatened**. The remedy at law he therefore held to be adequate to recover damages for the single infringement averred to have occurred before the bill was filed and no case made requiring an injunction against further infringement."

And at p. 78 Judge Lurton said:

> "The answer was filed June following. The solicitors for the **appellees** have **insisted** that this **answer is a disclaimer of any intent to further infringe. After denying the validity** of the complainant's patent, that Johnson was the original inventor, that the invention was patentable, or, if valid, that complainants owned the patents, it most **vigorously denied all infringement.**"

At page 79 Judge Lurton said:

> "The **assertion of a right** to make the devices complained of as an infringement, in the absence of a very express denial of a purpose to exercise the right claimed, **justifies the presumption that further infringement is to be apprehended** if that device shall prove to be an infringement."

In the case at bar, in the answer to the bill of complaint there is no allegation that the respondent-defendants will not make the structure complained of in the future, for at R. p. 13 defendant merely alleges discontinuance some six months after notice, and denies that it has avowed determination to continue to manufacture and sell any such hoisting device, and does not say it has definitely discontinued. At R. p. 14 it alleges invalidity of the patent.

Thus it is seen that the facts referred to by Judge Lurton were exactly similar in the particulars enumerated to the facts in the case at bar, and the decree dismissing the bill was reversed. See bottom of p. 80 of the report.

Deere & Webber Co. vs. Dowagiac Mfg. Co., 153 Fed. Rep. 177, 82 C. C. A. 281,

in the Circuit Court of Appeals for the Eighth Circuit, before Sanborn, Hook and Adams, Circuit Judges, by Adams, C. J. The answer in this case says, see p. 179:

> "but defendant avers that it ceased the sale of said grain drill long prior to the beginning of the present action";

and it was alleged that said defendant

> "has no intention nor has had any intention of manufacturing, using or selling, or causing to be manufactured, used or sold any grain drills embodying in any sense the invention of said Hoyt patent."

Yet, Judge Adams said at p. 179:

"The answer amounts to a vigorous assertion of the invalidity of complainant's patent and of defendant's right to make, use, and vend the device described in it";

At p. 180 Judge Adams said:

"The legal questions are therefore these: First. Where the validity of complainant's patent is denied, the right to infringe asserted, the possession of a large quantity of infringing machines admitted, and no satisfactory evidence adduced of cessation to infringe for any considerable time before the beginning of the suit, is the danger so threatening as to warrant injunctive relief? Second: Does the allegation in the answer that defendant does not intend to infringe any more prevent the granting of injunctive relief to the complainants restraining the defendant from further infringement? We think in the light of the pleadings and proof just analyzed these questions are self answering, but as they are earnestly argued by counsel we proceed to their consideration."

And on p. 181 there winds up the statement:

"Considering the likelihood that an infringement once practiced will be repeated so long as the wrong doer believes he is right (as from the pleadings in this case the defendant appears to believe), we think the patentee is entitled to a more effective remedy than a mere promise of that kind. The authorities abundantly support this conclusion"

citing:

> "Celluloid Mfg. Co. vs. Arlington Mfg. Co., (C. C.) 34 Fed. 324;
> "White vs. Walbridge (C. C.) 46 Fed. 526;
> "Sawyer Spindle Co. vs. Turner, (C. C.) 55 Fed. 979;
> "Matthews & Willard Mfg. Co. vs. National Brass & Iron Works, (C. C.) 71 Fed. 518;
> "New York Filter Mfg. Co. vs. Chemical Building Co., (C. C.) 93 Fed. 827."

The decree of the Court below awarding an injunction and an accounting was affirmed.

It will be noted that in this Deere & Webber vs. Dowagiac case, there was in the answer the *absolute* promise to discontinue the trespass, although it was asserted that there was no infringement and that the patent was invalid, a much stronger case for withholding equitable relief than the case at bar.

This case of Deere & Webber vs. Dowagiac, was followed in

Evans vs. Victor, 204 Fed. Rep. 361, 122 C. C. A. 531,

in the Circuit Court of Appeals for the Eighth Circuit, before Sanborn, C. J. and Munger and Trieber, District Judges, Judge Sanborn speaking for the court saying, toward the bottom of p. 371:

> "and the search, the threat to repeat it at will, and the insistent claim of the right to do so, which the bill and the statement for the defendants present, disclose a compelling

equity which gives ample jurisdiction to the court below to grant the injunction sought."

citing Deere & Webber Co. vs. Dowagiac, supra.

In a decision of this court in

Kate C. Archer vs. Greenville Sand & Gravel Co., 233 U. S. 60, B. 58, L. Ed. 850,

a writ of certiarori was granted because the court below had dismissed the bill for want of equitable jurisdiction. The Gravel Company filed a demurrer under nine specifications, alleging want of equity in the bill because of an adequate remedy at law, and want of substance in it because petitioner was not the owner of the sand and gravel in the bed of the river. The demurrer was sustained. The case was taken on writ of certiorari and reversed by this Court, thereby granting to the plaintiff the right to equitable jurisdiction in a case comparable with the case at bar, although the case does not relate to a patent suit.

Other authorities at circuit warranting the issuing of an injunction under circumstances identical with those in the case at bar are:

Woodworth, et al. vs. Stone, Fed. Case No. 18021, 30 Fed. Cas. p. 523.

Potter, et al. vs. Crowell, Fed. Case No. 11323, 19 Fed. Cas. p. 1143.

Jenkins vs. Greenwald, Fed. Cas. No. 7270, 13 Fed. Cas. p. 519.

Rumford Chemical Works vs. Vice, Fed. Case No. 12136, 20 Fed. Cas. p. 1355.

Bullock Printing Press Co. vs. Jones, et al., Fed. Cas. No. 2132, 4 Fed. Cas. p. 659.

American Bell Telephone Co. vs. Globe Telephone Co., 31 Fed. Rep. 729.

Celluloid Manfg. Co. vs. Arlington Manfg. Co., 34 Fed. Rep. 324.

Facer vs. Midvale Steel-Work Co., 38 Fed. Rep. 231.

Norton, et al. vs. California Automatic Can Co., et al., 45 Fed. Rep. 637.

White vs. Walbridge, 46 Fed. Rep. 526.

California Electrical Works vs. Henzel, 48 Fed. Rep. 375.

Winchester Repeating Arms Co. vs. American Buckle & Cartridge Co., 54 Fed. Rep. 703.

Sawyer Spindle Co., et al. vs. Turner, 55 Fed. Rep. 979.

New York Belting & Packing Co. vs. Gutta Percha & Rubber Mfg. Co., 56 Fed. Rep. 264.

Mathews & Willard Mfg. Co. vs. National Brass & Iron Works, 71 Fed. Rep. 518.

Bonsack Mach. Co. vs. Underwood, 73 Fed. Rep. 206.

Lever Bros. vs. Pasfield, 88 Fed. Rep. 484.

New York Filter Mfg. Co. vs. Chemical Bldg. Co., 93 Fed. Rep. 827.

National Meter Co. vs. Thomson Meter Co., 106 Fed. Rep. 531.

Chicago Pneumatic Tool Co. vs. Philadelphia Pneumatic Tool Co., 118 Fed. Rep. 852.

Cayuta Wheel & Foundry Co. vs. Kennedy Valve Mfg. Co., 127 Fed. Rep. 355.

Brookfield, et al. vs. Elmer Glassworks, 132 Fed. Rep. 312.

General Electric Co. vs. Bullock Electric Mfg. Co., 138 Fed. Rep. 412.

Seeger Refrigerator Co. vs. White Enamel Refrigerator Co., 178 Fed. Rep. 567.

American Bank Protection Co. vs. City National Bank of Johnson City, Tenn., 181 Fed Rep. 375.

Luten vs. Dover Constr. Co., 189 Fed. Rep. 405.

See also

Robinson on Patents, Section 1088,
Walker on Patents, Section 701,
Hopkins on Patents, Section 524.

Conclusion. It is Clear that the Bill of Complaint Should Not Have Been Dismissed for Want of Equity.

It is submitted that there is fundamental error in the position taken by the Court of Appeals for the Seventh Circuit in dismissing the bill for want of equitable jurisdiction because it substantially denies the right to patent property until the same has been adjudicated by a court, disregarding the grant of the patent which is prima facie good. This is evidenced by the statement of the Court that the respondent-defendant had a right to bring the suit in the Elkhart County court to have an adjudication of the patent, the Court saying:

> "at best they" (the facts in this case, referring to the Elkhart County suit and other matters) "would justify an apprehension that if, in some proper court proceeding, defendant's contentions should ultimately be upheld, it might then, and only then, not unlawfully, however, but legally resume the hay carrier business."

It is therefore clear that the Court of Appeals for the Seventh Circuit does not regard the grant of a patent as according to the patentee any rights, but that a defendant would have the right to make contentions about it and in some way in some proper court proceeding (whatever that might be aside from an infringement suit) have its contentions upheld so that it could, "not unlawfully, but

legally" resume the trespass, such as the hay carrier business. Such position is wholly unwarranted. The patent is presumably good; the Court must so regard it prima facie; and the defendant's only right to attack it would be to insist upon its right adverse thereto in place of a claimed acquiescence when contending to the contrary, so that the question of infringement could be tried out in an infringement suit.

That the respondent-defendant had infringed, and insisted upon its right to infringe; had infringed after notice, and had sued charging that the publication of the notice was libel, thereby contending for its right, is certainly sufficient warrant for the Court to take equitable jurisdiction, because under such circumstances the unbroken line of authorities, until the decision in this case, is that there is presumed to be a liability of repetition of the trespass, which should be enjoined.

Injunction is the proper remedy in a patent case, and when there is a threat of infringement or claim of adverse right after trespass, it is the only adequate remedy. The sufferings of a patentee seeking an accounting are certainly not unknown to this Court, and he should be accorded the injunctive relief against a trespasser claiming right.

The Decision of the Court of Appeals Should Be Reversed.

It seems hard to establish the law that a patent is property and that general rules apply thereto the same as to other property. The menace to patent property involved in permitting a trespasser to assert rights and avoid an injunction should certainly not be permitted.

SECOND: THE MERITS.

The Patent is Valid and the Defendants are Estopped.

Hubert A. Myers, the inventor and assignor of the patent in suit, after complainant had made the invention a commercial success, induced others, on such representation, to organize the defendant company. See Myers' direct testimony to that effect. R. p. 90 to 103. This is corroborated by all the proofs in the case.

The defendants are therefore estopped to in any way dispute the validity of the patent, and it is entitled to reasonable scope and reasonable interpretation.

Authorities to this effect are as follows:

Woodward vs. Boston Lasting Machine Co., 60 Fed. Rep. 283, 8 C. C. A. 622 (1st Circuit).

Meller vs. Carroll, 141 Fed. Rep. 992.

Johnson vs. Western Furnace Co., 178 Fed. Rep. 819-822, 102 C. C. A. 267 (8th Circuit).

Siemens-Halske vs. Duncan, et al., 142 Fed. Rep. 157, 73 C. C. A. 375 (7th Circuit).

The rule of law is very clear.

There is nothing in the art to restrict the claims of the patent beyond the reasonable interpretation of their terms.

History of the Invention.

Mr. Allen P. Boyer, an experienced manufacturer of hay carriers, was attempting improvements with quite marked success on automatic action, cross haul hay carriers. His idea was to hoist the

load to any desired point, have the rope gripped automatically, and as soon as the fork or hay sling was tripped when over the mow or stack, have all parts freed for ready manipulation as soon as the man on the load could take hold of the same.

This was done by a spring resistance which, when the load dropped, automatically released the lock. This device was covered by patents to him. See patent No. 835,780, R. p. 318-331. The structure used was a rope clutch carried by four links disposed in two pairs. This depended on friction of the clutch on the rope to secure its action, and while it was a distinct advance in the art, had defects in that the rope became worn and did not work so well.

Mr. Boyer well knew this and was endeavoring to overcome the objection. He employed Hubert A. Myers, the inventor herein, and soon discharged him. R. p. 75. However, in that brief period Myers got an understanding of the problem, and presented an invention that certainly has overcome the objection. It brought into Boyer's combination a further feature that made it, when fully developed, a complete success. It insured perfect clutch action in that device without undue wedging and injury to the rope, by providing notches or teeth on the rope pulley that reacted with a dog or pawl, and by that means caused the rope clutch to bite and also release readily by the automatic means referred to.

This was applied to a double link structure, as seen in he Myers patent in suit. See parts 7-7, and 8-8 in Figs. 1, 2 and 3 of Myers patent in suit, R. p. 206-212

Boyer, however, immediately passed beyond the four link structure, and further improved the device, using but one pair of links to carry the clutch, as is seen in his patent No. 878,335, R. p.

340-348, applied for September 27, 1907, and issued February 4, 1908, two weeks later than the patent in suit.

The Prior Art.

Boyer's own prior inventions are the nearest approach to the Myers invention in suit. The patent to Tschantz, No. 601,291, of March 29, 1908, R. p. 274, is in evidence. This is not automatic in the same way the Boyer's is, but resorts to a trip or knocker to release,—see page 2, line 63 of the patent.

Myers has obtained a subsequent patent on an improvement, No. 942,735, dated December 7, 1909, R. p. 350. He provides a slide as a substitute for one pair of the Boyer links. He was referred to his earlier patent by the Patent Office, and pointed out his improvements, and the patent is to such alleged improvements.

The claims sued upon are not restricted claims.

The claims sued upon differ from more restricted claims in the patent that specify link supports for the clutch. See claims 20, 21, 22 and 23, for instance, R. p. 212.

The claims sued on are in broad terms and not restricted to links. All the details are present in defendant's device as recited.

As the defendants are estopped to dispute validity, it follows that they should be enjoined and ordered to account.

It has been urged on behalf of defendant that there is a positive action in the complainant's device, which is not present in the defendant's device, and there was a juggling of words about "actuation" and the like. Such positive actuation, how-

ever, is negatived by the structure of the patent in suit, as will be seen by inspecting Fig. 1. It will be observed that the link 13 is slotted, that the spring 16 holds the parts downwardly, and that the lever 7 is actuated by the upward movement of the link 13. When the clutch operates, it is therefore free to move, owing to the slot, to more complete engagement with the rope, and is not positively actuated to its detriment, as contended by the defendant.

It was also urged that there was some matter appearing in the patent to Bellair No. 95,971, of October 19, 1869, R. p. 218, that is of consequence here. In the Bellair patent, however, it will be noted that the dog is not pivoted or carried by any moving part, and is pivoted directly to the fixed cheek pieces of the tackle block. It will not be possible to secure any action in this device comparable with that of the complainant's patent, nor with the action of defendant's device.

This is stated notwithstanding the fact that the defendants are all estopped to contest the validity of this patent.

The question of the case is then,

Do the defendants infringe, or have they infringed?

The claims of the patent which are insisted upon are Claims 15, 16, 17, 18, 19, 24 and 25. The manufacture by defendants is admitted, R. p. 91.

We refer the Court to the testimony of Professor Cooley, Dean of the Mechanical Engineering Department of the University of Michigan, R. p. 25, as disclosing and pointing out very concisely and clearly this whole matter. The claims are analyzed at page 37 of the record.

Drawings for comparison appear at R. p. 185, 187, being Complainant's Exhibit No. 4, Sketch of

Complainant's Hay Carrier; No. 5, Sketch of Defendants' First Hay Carrier; No. 6, Sketch of Defendants' Second Hay Carrier; No. 7, Sketches of Complainant's Clutch and Pawl; and No. 8, Sketches of Defendants' Clutch and Pawl.

The analyzed claims and these sketches are here enlarged and reproduced for convenience, and the numbers and reference letters of the elements are affixed in red, whereby the claims can be readily applied both to the plaintiff's and the defendants' structure.

The text of Prof. Cooley's expert testimony has not been reproduced, and it is not possible to effectively condense it, as the statements are very concise. As to any points that are not clear from inspection of the photographs, attention is most respectfully directed to the detailed statements at R. p. 27 to 48 inclusive.

The prior art in no way limits the interpretation of the claims so that they do not apply to defendants' structure.

Conclusion.

It is respectfully submitted that the patent is valid, to a very meritorious invention and that it is used in its entirety by defendants who are estopped to dispute the validity of the patent.

There should be a direction of this Court to enter a decree holding the patent valid and infringed and ordering an injunction and an accounting, or, in view of the fact that neither the District Court nor the Court of Appeals has considered these questions, that they be directed now so to do. It is submitted, however, that as the entire record is here and the matter is very simple and clear, the

expeditious and equitable course would be for this Court to order the injunction and accounting.

Respectfully submitted.

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Counsel for Petitioner.

These claims have each been divided into their respective elements, and each element given a number, the same element in each claim bearing the same number. Sub-divisions of the elements are designated by a, b, c, etc.

The analysis of the several claims follows:

Claim 15.

The combination with a frame, of

(1) a pulley

(a) having teeth thereon;

(2) a movably supported clutch member;

(3) a pawl carried by said clutch;

(4) a hoisting rope;

(5) a movable member to which said rope is attached,

(a) connected to said clutch whereby the same is actuated to bring the pawl thereof into engagement with said pulley; and

(6) a trip for said clutch member,

for the purpose specified.

Claim 16.

The combination with a frame, of

(1) a pulley

(a) having teeth thereon;

(2) a movably supported clutch member;

(3) a pawl carried by said clutch;

(4) a hoisting rope; and

(5) a movable member to which said rope is attached,

(a) connected to said clutch whereby the same is actuated to bring the pawl thereof into engagement with said pulley,

for the purpose specified.

Claim 15.

The combination with a frame, of

(1) a pulley

(a) having teeth thereon;

(2) a movably supported clutch member;

(3) a pawl carried by said clutch member;

(4) means for holding said clutch member yieldingly out of its engaging position; and

(5) means for actuating said clutch member to bring the said pawl carried thereby into engagement with said pulley,

(b) said pawl being arranged so that the rearward revolution of the pulley draws the clutch member into clamping engagement with the rope,

(b) said clutch actuating member being adapted to be actuated by the load upon the hoisting rope.

Claim 18.

The combination with a frame, of

(1) a pulley;

(2) a movably supported clutch member

(a) adapted to coact with the pulley in clamping a rope;

(7) means for holding said clutch member normally out of its engaging position;

(5) means for connecting said clutch member to said pulley,

(a) arranged so that the rearward revolution of the pulley draws the clutch member into clamping engagement with the rope,

(b) the said means being adapted to be actuated by the hoisting rope when the load thereon is sufficient to counteract the means for holding said clutch member out of its engaging position.

(8) (c) said clutch member being adapted to automatically return to its initial position when the hoisting rope is relieved of the load.

Claim 19.

The combination with a frame, of

(1) a pulley;

(2) a movably supported clutch member;

(5) means for connecting said clutch member to said pulley,

(a) arranged so that the rearward revolution of the pulley draws the clutch member into clamping engagement with the rope,

(b) said means being adapted to be actuated by the load on the hoisting rope; and

(8) means for automatically disengaging said connecting means from said pulley when the hoisting rope is relieved of its load.

Claim 24.

The combination with a frame, of

(1) a pulley;

(2) a movable clutch member

(a) adapted to coact with the pulley in clamping a rope,

(7) (b) said clutch member being normally held in an inoperative position;

(5) means for connecting said clutch member to said pulley

(a) arranged so that the rearward revolution of the pulley draws the clutch member into clamping engagement with the rope,

(b) said means being adapted to be actuated by the load on the hoisting rope; and

(8) means for automatically returning said clutch member to its initial, or disengaging position and disengaging the said pulley connecting means thereof when the hoisting rope is relieved of its load.

Claim 25.

The combination with a frame, of

(1) a pulley;

(2) a movably supported clutch member;

(3) a pulley engaging pawl carried by said clutch member

(a) arranged so that when it is in its engaging position the rearward revolution of pulley draws the said clutch member into clamping engagement with the rope;

(4) a hoisting rope;

(5) connections therefor to said clutch member whereby the same is actuated to bring said pawl connecting means into its pulley engaging position, and

(8) means for automatically returning said clutch member to its initial position when said pawl is disengaged from said pulley.

EXHIBITS

NOT

SUITABLE

FOR

MICRO-

FILMING